REMARKS

The Applicants have carefully reviewed the Office Action mailed May 11, 2007 (hereinafter "Office Action") and offer the following remarks to accompany the above amendments.

Initially, the Applicants wish to point out that claim 33 was amended to correct a typographical error. Claim 33 was not amended for prior art purposes.

Claims 1, 3-7, 10-12, 14-18, and 21-23 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,587,837 B1 to *Spagna et al.* (hereinafter "*Spagna*") in view of U.S. Patent Application Publication No. 2002/0146122 A1 to *Vestergaard et al.* (hereinafter "*Vestergaard*") and further in view of U.S. Patent Application Publication No. 2007/0005432 A1 to *Likourezos et al.* (hereinafter "*Likourezos*"). The Applicants respectfully traverse the rejection.

Prior to addressing the rejection, the Applicants provide a brief overview of the invention. The present invention relates to an electronic marketplace for buying and selling digital files. There are problems associated with buying and selling digital files and other centralized content. For example, previously there was not an efficient payment mechanism for small transactions. The present invention solves this problem by allowing a content owner to post a file on a digital marketplace, provide information about the file, set a retail price that users will be charged for downloading the file, and set a reseller commission for the file. A first user then may search for files posted on the digital marketplace for a file which the first party will resell on a third party website. A second user may further search the files posted on the digital marketplace for a file to download to a third party website. The second user may also download files from the third party website. If the second user downloads a file from the third party website, the first user, who sold the digital file and who is separate from the content owner, is paid the reseller commission. Moreover, the content owner receives a payment, which is based on the retail price minus the reseller commission. Among other shortcomings, the prior art fails to teach or suggest paying a content owner a payment based on a retail price minus a reseller commission paid to a party who downloaded the file from a digital marketplace and resold the file on a third party website.

According to Chapter 2143.03 of the M.P.E.P., in order to "establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the

prior art." The Applicants submit that neither *Spagna*, *Vestergaard*, nor *Likourezos*, either alone or in combination, discloses all the features recited in claims 1, 3-7, 10-12, 14-18, and 21-23.

More specifically, claim 1 recites a method for providing an online digital marketplace comprising, among other features, paying a first user a reseller commission for the sale of a file owned by a content owner and then paying the content owner a payment based on a retail price minus the reseller commission where the first user downloaded the file from a digital marketplace and resold the file on a third party website. Claims 12 and 23 include similar features. The Applicants submit that none of the references, either alone or in combination, disclose the feature of paying a first user a reseller commission for the sale of a file owned by a content owner and then paying the content owner a payment based on a retail price minus the reseller commission where the first user downloaded the file from a digital marketplace and resold the file on a third party website.

In maintaining the rejection, the Patent Office states "that it has been held that payment schemes are not patentably distinct" and provides a number of scenarios as examples. (See Office Action, page 2). First, the Applicants wish to point out that the Patent Office does not give any citations, to either case law or the M.P.E.P., indicating where it has been held that payment schemes are not patentably distinct. Thus, should the Patent Office maintain this rejection, the Applicants respectfully request that the Patent Office provide a citation, either in the M.P.E.P. or case law, which supports these assertions.

Second, even if the Patent Office did have citations to back the assertions made in the Office Action, i.e., payment schemes are not patentably distinct, the Applicants submit that the invention is not a payment scheme. Instead, the invention provides an online digital marketplace which allows for the posting of files, downloading of the posted files, reselling of the posted files on a third party website, and compensating a content owner for the posted files when a user downloads the posted file. The Applicants submit that when a user downloads a particular file from a third party website, a payment based on the retail price minus the reseller commission is paid to the content owner. Thus, the claim requires that a user downloads a particular file, which is clearly not a payment scheme.

Third, in maintaining the rejection, the Patent Office asserts that "in a business environment, compensating (i.e. commission) an entity for providing a service (i.e. selling a company's product) is old and well known." (See Office Action, page 3). The Applicants

submit that while paying a commission is old and well known, the claims are reciting more than simply paying a commission. To further illustrate, the claims recite paying a content owner a payment which is based on a retail price minus a reseller commission when a user downloads a file from a third party website. The Applicants submit that the content owner is not being paid a commission, i.e., a sum paid to an agent for their services. The content owner is not providing a service. Thus, the content owner cannot be paid a sum for a service. Instead, the content owner is being paid an amount for a product in which they have an ownership interest, i.e., a digital file.

Now turning to the references and as they have been applied to the pending claims, as correctly pointed out by the Patent Office, *Spagna* does not disclose the feature of if a second user downloads a file from a third party website, paying the first user a reseller commission set for the file and paying that content owner a payment based on the retail price minus the reseller commission. (See Office Action, page 4). Similarly, neither *Vestergaard* nor *Likourezos*, either singularly or in combination, discloses this feature. The Patent Office supports the rejection by indicating that *Vestergaard* discloses this feature at paragraph **[0152]**. (*See* Office Action, pages 4 and 5). The Applicants respectfully disagree. While the cited portion of *Vestergaard* does disclose that an MPE Distributor field 246 is set to a default of 25% of gross receipts (*see Vestergaard*, paragraph **[0152]**), *Vestergaard* does not disclose that a distributor 136 is a first user as recited in the claims where the distributor 136 has downloaded a file from a digital marketplace and has resold the file on a third party website. Instead, *Vestergaard* discloses that a content owner 132 interacts with a distribution server 136 to make a list of available files on the distributor server 136. (*See Vestergaard*, paragraph **[0090]**). More specifically, the content owner 132 provides the files to the distribution server 136. The distribution server 136 does not search for files posted on a digital marketplace to resell on a third party website. As the distribution server 136 is not a first user as recited in the claims, *Vestergaard* cannot disclose that if a second user downloads a file from a third party website, paying a first user a reseller commission and then paying a content owner a payment based on the retail price minus a reseller commission.

Similarly, *Likourezos* does not disclose this feature. The Patent Office supports the rejection asserting that *Likourezos* discloses this feature at paragraph **[0010]**. (*See* Office Action, page 5). The Applicants respectfully disagree. At most, the cited portion of *Likourezos* discloses paying a commission to an electronic auction website. (*See Likourezos*, paragraph **[0010]**).

However, the electronic auction website is not a first user who has searched for files on a digital marketplace to resell on a third party website. Instead, a seller lists an item for sale on the electronic auction website. Thus, contrary to what is alleged by the Patent Office, *Likourezos* cannot disclose that if a second user downloads a file from a third party website, paying a first user a reseller commission and then paying a content owner a payment based on the retail price minus a reseller commission. Accordingly, claims 1, 12, and 23 are patentable over the cited references and the Applicants request that the rejection be withdrawn. Similarly, claims 3, 5-7, 10, 11, 14, 16-18, 21, and 22, which variously depend from either claim 1 or 12, are patentable for at least the same reasons along with the novel features recited therein.

Claim 4, which depends from claim 1, recites that the content owner may set the retail price "negatively." Claim 15, which depends from claim 12, includes similar features. The Applicants submit that none of the references, either alone or in combination, disclose the feature of setting a negative retail price where a content owner pays a consumer to download a file. (*See* Specification, page 9, lines 6-10). The Patent Office supports the rejection by indicating that *Vestergaard* discloses this feature at paragraph **[0152]**. (*See* Office Action, page 6). The Applicants respectfully disagree. The Applicants have reviewed this portion of *Vestergaard* and submit that the reference does not disclose the feature of setting a negative retail price where a content owner pays a consumer to download a file.

Claim 4 also recites the feature of setting a reseller commission "negatively." Claim 15 includes similar features. The Applicants submit that none of the references, either alone or in combination, disclose the feature of setting a negative reseller commission where a reseller pays a content owner to deliver a file to a consumer for free. (*See* Specification, page 9, lines 1-5). In maintaining the rejection, the Patent Office states that *Vestergaard* discloses this feature at paragraph **[0152]**. (*See* Office Action at page 6). The Applicants respectfully disagree. The Applicants have reviewed this portion of *Vestergaard* and submit that the reference does not disclose the feature of setting a negative reseller commission where a reseller pays a content owner to deliver a file to a consumer for free. For this reason and the reasons noted above, claims 4 and 15 are patentable over the cited references and the Applicants request that the rejection be withdrawn.

Claims 2, 13, 23-27, and 30-37 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Spagna* in view of *Vestergaard* and *Likourezos*, and further in view of U.S.

Patent Application Publication No. 2003/0023505 A1 to *Eglen et al.* (hereinafter "*Eglen*"). The Applicants respectfully traverse the rejection.

Claim 23 recites a method for providing an online digital marketplace comprising, among other features, paying a first user a reseller commission for the sale of a file owned by a content owner and then paying the content owner a payment based on a retail price minus the reseller commission where the first user downloaded the file from a digital marketplace and resold the file on a third party website. Claim 33 includes similar features. The Applicants submit that none of the references, either alone or in combination, disclose the feature of paying a first user a reseller commission for the sale of a file owned by a content owner and then paying the content owner a payment based on a retail price minus the reseller commission where the first user downloaded the file from a digital marketplace and resold the file on a third party website. As detailed above, neither *Spagna*, *Vestergaard*, nor *Likourezos*, either alone or in combination, discloses this feature. Similarly, *Eglen* does not disclose this feature. As such, claims 23 and 33 are patentable over the cited references and the Applicants request that the rejection be withdrawn. Claims 24-27, 30-32, and 34-37, which variously depend from either claim 23 or claim 33, are patentable for at least the same reasons along with the novel features recited therein.

Regarding claims 2 and 13, as detailed above, claims 1 and 12, the base claims from which claims 2 and 13 respectively depend, are patentable over *Spagna*, *Vestergaard*, and *Likourezos*. Moreover, as detailed above, *Eglen* does not address the previously noted shortcomings of *Spagna*, *Vestergaard*, and *Likourezos*. Accordingly, claims 2 and 13 are patentable over the cited references and the Applicants request that the rejection be withdrawn.

Claims 8, 9, 19, and 20 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Spagna* in view of *Vestergaard* and *Likourezos*, and further in view of U.S. Patent No. 5,819,092 to *Ferguson et al.* (hereinafter "*Ferguson*"). The Applicants respectfully traverse the rejection. As mentioned above, *Spagna*, *Vestergaard*, and *Likourezos* fail to disclose all the features recited in claims 1 and 12, the base claims from which claims 8 and 19 respectively depend. In addition, *Ferguson* fails to address the previously noted shortcomings of *Vestergaard*. As such, claims 8 and 19 are patentable over the cited references and the Applicants request that the rejection be withdrawn.

Claim 9 recites "wherein step (b)(i) further includes the step of: including as the sorting options sorting the matching files by popularity, by date, by size, by price, and by the reseller commission." Claim 20 includes similar features. The Applicants submit that neither of the references, either alone or in combination, discloses or suggests that sorting options include sorting files by popularity, by date, by size, by price, and by reseller commission. The Applicants have reviewed the cited portions of the references and submit that nowhere do the references disclose these features. Therefore, in addition to the reasons noted above, claims 9 and 20 are patentable over the cited references and the Applicants request that the rejection be withdrawn.

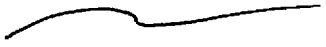
Claims 28, 29, and 38-40 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Spagna* in view of *Vestergaard*, *Likourezos*, and *Eglen*, and further in view of *Ferguson*. The Applicants respectfully traverse the rejection. Claims 28, 38, and 40 depend from claims 23 or 33. As detailed above, claims 23 and 33 are patentable over *Vestergaard*, *Eglen*, and *Spagna*. In addition, *Ferguson* does not disclose or suggest the features missing from *Vestergaard*, *Eglen*, and *Spagna*. As such, claims 28, 38, and 40 are patentable over the cited references and the Applicants respectfully request that the rejection be withdrawn.

Claim 29 recites "including as the sorting options sorting the matching files by popularity, by date, by size, by price, and by the reseller commission." Claim 39 includes similar features. The Applicants submit that none of the references, either singularly or in combination, disclose or suggest these features. As correctly pointed out in the Office Action, *Spagna* does not disclose these features. (See Office Action mailed May 11, 2007, page 13). Similarly, neither *Vestergaard*, *Likourezos*, *Eglen*, nor *Ferguson*, either singularly or in combination, discloses sorting matching files by date, size, price, and reseller commission. Therefore, for this additional reason, claims 29 and 39 are patentable over the cited references and the Applicants request that the rejection be withdrawn.

The present application is now in a condition for allowance and such action is respectfully requested. The Examiner is encouraged to contact the Applicants' representative regarding any remaining issues in an effort to expedite allowance and issuance of the present application.

Respectfully submitted,

WITHROW & TERRANOVA, P.L.L.C.

By: 

Anthony J. Josephson
Registration No. 45,742
100 Regency Forest Drive, Suite 160
Cary, NC 27518
Telephone: (919) 238-2300

Date: August 1, 2007
Attorney Docket: 1104-031